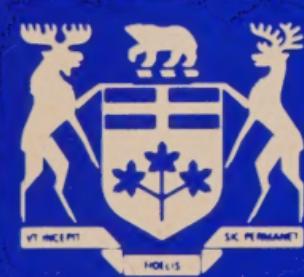


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# FUND-RAISING FUNCTIONS UNDER ELECTION FINANCES LAW OF ONTARIO



Ontario

Commission on  
Election Finances

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## INTRODUCTION

This booklet is intended to help you in organizing and reporting on political fund-raising functions.

In the organizer's section of the booklet, considerations such as record keeping, contribution limits, and the reporting requirements connected with an event are outlined.

There is also a separate section for ticket sellers because there is more to selling tickets to a fund-raising function than just salesmanship.

Everyone involved in the financial aspects of a candidate's campaign, constituency association or a political party should know of the special nature of political fund-raising in Ontario.

This pamphlet is based on the Election Finances Act of Ontario, and the provisions of the Act are the final authority.

Accurate accounting is mutually beneficial. For Chief Financial Officers, auditors, associations and candidates, it can facilitate the issue of subsidy cheques, reduce forfeitures of untraceable funds, and reduce contraventions of the Act. For the Commission, it will mean more efficient examination and approval of filings, less staff work and correspondence.



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## DEFINITION:

A "fund-raising function" includes events or activities held for the purpose of raising funds for the registered political party, constituency association, candidate or leadership contestant by whom or on whose behalf the function is held.

The significance of a fund-raising function is that defined portions of the admission charge or profits from other fund-raising events for which there is no admission charge, are declared to be a contribution to the sponsoring organization.

An event such as a dinner dance for which either there is no admission charge or the ticket price only covers the expenses incurred is not considered a fund-raising function, even though some profits may be realized from the sale of refreshments or similar activity.

Where two or more constituency associations or candidates plan to hold a joint fund-raising function, reference should be made to the special section of this pamphlet.

## FINANCES:

The C.F.O. must receive and deposit the proceeds from all

ticket sales and other revenues, make all payments, issue official receipts for the contribution portion of the ticket price, and report the full details of each fund-raising function to the Commission in their annual or campaign report.

Note: Contributions made to leadership contestants are not tax deductible. Therefore, the receipts issued are not valid for tax purposes.

Special committees running an event must not by-pass the C.F.O. The result is often chaos at reporting time, approval of returns is delayed, untraced funds are forfeited to the Commission and thus lost to the fund-raising effort.

The C.F.O. is the person responsible to the Commission for verifying that the duties of the organizer and ticket seller, as detailed on the following pages, are carried out.

#### DUTIES OF THE ORGANIZER:

1. First establish the "per person" charge for the event, how much will be considered a contribution and how much will be considered an expense.

Note: Expenses incurred for fund-raising events held in a campaign period do not count towards the sponsoring organization's campaign spending limit.

The following should be taken into account:

- (a) Where the "per person" charge is \$25 or less, it may be considered entirely an expense, entirely a contribution or any combination of contribution and expense.
- (b) Where the charge is \$25 or more, any amount from zero to \$25 may be considered an expense. The remainder must be considered a contribution.
- (c) The charge may be considered entirely a contribution. The contributor gets an official tax credit receipt for the full price.

Examples of ticket price allocation are given at the end of this pamphlet.

2. Have tickets printed for the event that are prenumbered, and designate one person to control ticket distribution to ticket sellers and the return of unused tickets and proceeds from tickets sold.

3. Supply a formal list which the ticket sellers must complete, recording the tickets sold and the full name and address of all ticket purchasers.

4. Turn over all cheques, money orders, credit card receipts, cash and ticket sale listings to the C.F.O. of the sponsoring organization for deposit in the bank account registered with the Commission. Note that the contribution is not considered received until the date it is deposited by the C.F.O.

5. After approval by the event organizers, all invoices received for expenses related to the event should be turned over to the C.F.O. for payment and recording. All campaign related expenditures that are not connected to the fund-raising function must have prior approval of the C.F.O.

#### DUTIES OF THE TICKET SELLERS:

1. Accept only a cheque, money order, or embossed credit card voucher signed by the purchaser in payment for tickets unless the contribution portion of the ticket is \$25 or less.
2. Do not sell tickets to a purchaser in a quantity where the total of the contribution portion exceeds the individual's contribution limit. See "Contribution Limits" on page 11.

Where a purchaser buys tickets for a "table" or makes a substantial purchase, verify that this will not, when combined with other contributions, exceed the contribution limit for the contributor.

3. Non-residents of Ontario are ineligible to make contributions and thus cannot purchase tickets. This includes Federal M.P.s representing an electoral district in another province. It also includes corporations which do not carry on business in Ontario and trade unions that do not hold bargaining rights for employees in Ontario.

4. Only persons, corporations and trade unions, as defined in the Act may make contributions. In the case of purchases of tickets by business organizations that are not limited companies, specific contributions must be recorded by attributing them to individuals within the organization, complete with their full name and address. Where cheques from a business organization do not have the words "Limited", "Corporation" or "Incorporated" or their abbreviations in its name, you should question the ticket purchaser about the status of his organization.

Purchases made by a recognized affiliated political organization should be treated as being made by a "person". As a result, it

is not necessary to discover the names and addresses of the individuals within the organization for the purpose of determining each contribution. For more information on "affiliated organizations" see Page 13 of this pamphlet.

5. Tickets may not be sold to a federal party or the federal branch of any constituency association where any part of the ticket price is considered a contribution.

6. Two or more corporations which are legally associated with each other may each make a contribution provided both carry on an "active" business. Therefore, where more than one cheque is obtained from the same office or person with the same mailing address, or is signed by the same officer(s), determine whether the corporations are associated and then whether they are carrying on active businesses. Simply asking a responsible officer is generally sufficient.

7. Anonymous contributions cannot be accepted. Every purchaser of a ticket must be clearly identified by a name and address in your listing of tickets sold.

8. Only individuals who have an income requiring Ontario tax to be paid will benefit from the tax credit receipt for political contributions. Some young people and seniors may not qualify.

## CONTRIBUTIONS OTHER THAN MONEY:

A fund-raising function involves the joint effort of a number of people who provide time, services and supplies to the success of the event. The Act specifies which of the goods and services are contributions for which receipts shall be given, and which are not.

1. Voluntary unpaid labour for a political party, constituency association or candidate does not constitute a contribution; nor do goods voluntarily produced by such labour, therefore, no tax receipts would be issued.
2. Subject to (1) above, the provision of goods and services having a value or more than \$100 is a contribution. If the goods and services are valued at \$100 or less, then the donor has the option of declaring them not to be a contribution.
  - (a) Food, beverages, lumber, printed flyers and the labour of tradesmen are examples of such goods and services. These would otherwise be purchased at retail prices.
  - (b) The \$100 contribution figure is the sum total of all goods or services provided by a single contributor during a year; or in the case of an election, during a campaign period.

3. Value is defined in section 22 of the Act. In general terms, it means the lowest retail price charged for similar goods at that time, in that area.

4. Where goods and services are received that may be considered a contribution, obtain an invoice from the individual who supplied the goods or services and turn these invoices over to the C.F.O. for an official receipt and for the recording and reporting purposes of the Commission.

#### JOINT FUND-RAISING FUNCTIONS:

These are difficult to manage and we are commenting as fully as possible. A joint fund-raising event is one in which several political organizations are to be involved in the planning and running of an event, selling admission tickets, and sharing net profits.

Such events usually involve political organizations that are registered with the Commission under the Act, but other provincial party organizations such as district organizations, youth groups or women's groups may participate if they wish.

While a Federal political party organization or a local municipal candidate may wish to be involved, there are strict limitations on the flow of funds between Provincial political organizations and the Federal party and a

complete prohibition of any funds flowing between provincially registered organizations and municipal candidates. Special guidance should be sought from the Commission on these matters.

Joint fund-raising functions by provincial political organizations fall into two categories as follows:

1. Events sponsored by more than one political organization, each of whom is registered with the Commission. Each is to record and report its proportionate share of the financial activity related to the event. Each organization is also responsible for issuing receipts for the contribution portion of every ticket sold by that organization.

The holding of such an event requires control to ensure coordination. Tickets sold by all organizations involved should be identical with respect to their price, proportion of contribution, and allocation for expenses. Also, ensure that only one receipt is issued for each ticket sold, and that financial transactions are audited according to Commission reporting requirements.

To accomplish this, the organizers of the event should consider the following:

- (i) Appoint the C.F.O. of one of the registered political organizations as "Treasurer" for the event. He is required to register with the Commission a new bank account for his organization into which the proceeds are to be deposited and from which the suppliers' accounts are to be paid.
- (ii) Ensure that each C.F.O. knows how much of the admission ticket price is to be considered a contribution for which he must issue an official receipt.
- (iii) Have all ticket sale proceeds and other sundry revenues (e.g. refreshment sales) turned over to the treasurer for deposit. (see (i) above)
- (iv) After all of the expenses of the event have been paid, the treasurer should prepare a statement of income, expenses and profit allocation. The treasurer should forward a copy of this financial statement to each of the registered political organizations involved, along with a cheque for their share of the proceeds of the event.
- (v) The copy should be appended to the return each organization files with the Commission for the relevant period. It is the responsibility of the treasurer to ensure that his accounting for the event is correct, either by an audit or other means.

2. Events in which both provincially registered and non-registered organizations are to be involved in the selling of tickets and the sharing of profits.

One organization registered with the Commission must receive and expend all funds, as well as taking responsibility for recording and reporting all the financial activity. Receipts can be issued only for the portion of the contribution which will go to an organization registered with the Commission. The registered organization may pay out a portion of the event's profits to a non-registered organization, but it cannot issue receipts for that portion.

Organizations involved in ticket sales should be aware of the responsibilities of the ticket sellers as outlined in the section of this brochure entitled "Duties of Ticket Sellers".

#### CONTRIBUTION LIMITS:

The following are the maximum amounts that a person, corporation or trade union may contribute to a registered party, constituency association and candidate during the periods shown. In arriving at the maximum, the "Contribution" portion of a fund-raising function is included.

(a) In a non-election year up to:

- \$4,000 to a Party
- \$ 750 to a Constituency Association, not exceeding \$3,000 to any number of Constituency Associations.

(b) In an election year:

Following the call of the election in addition to the contributions in (a) up to:

- a further \$4,000 to a Party.

AND

- \$ 750 to a candidate's campaign subsequent to his registration with the Commission, not exceeding \$3,000 to any number of candidates.

The foregoing limits apply to any one political party.  
Equivalent amounts may be contributed to other registered parties.

Note: The Act does not provide for a limit on the amount that may be contributed to a leadership campaign. Furthermore, such contributions are not eligible for individual or corporate tax credits.

### MISCELLANEOUS REVENUE:

Revenue from parking, refreshments sold, games, auctions or similar events at a fund-raising function must be reported as income.

Auctions can cause some problems. A person donating articles free of charge may be making a contribution if the goods or services are valued at up to \$100 and is making a contribution if the value exceeds \$100.

Also, if the price paid for an article is inflated in excess of its real worth, then any excess is considered to be a contribution. The organizers of the auction must be prepared to identify the purchasers of any item which has been sold for a price which greatly exceeds its normal retail value.

With the exception of these two special situations, the proceeds from an auction are simply turned over to the C.F.O. for recording and Commission reporting requirements. Also, any invoices for the goods purchased or donated for auction purposes must be turned over to him.

### AFFILIATED POLITICAL ORGANIZATIONS:

An affiliated political organization means any group that is associated with and endorsed by a political party or one or more constituency associations registered under

the Election Finances Act. Some examples of recognized politically active groups are area organizations, community groups, women's or youth organizations which support a registered party.

The Act does not prohibit or limit the activity of these organizations, financial or otherwise, but they cannot issue official receipts for any donations they receive. However, to the extent that any group wishes to financially support the party or its constituency associations it is treated as "a person" under the Act, and subject to the appropriate limits.

Note: Such groups cannot contribute directly to a candidate.

On occasion when a party or a constituency association wishes to provide financial assistance to such organizations it may do so. But it will count as an expense toward the spending limit of that party or constituency association if done during a campaign period.

There is, of course, no Commission reporting requirement for the financial activity of unregistered political organizations.

### DISCLOSURE OF SPONSOR:

The name of the registered candidate, constituency association or party which will receive the contribution portion of the ticket price, or any of the proceeds, must be clearly disclosed in the material issued for a fund-raising function. This also applies to any solicitation for contributions.

### EXAMPLES OF TICKET PRICE ALLOCATION BETWEEN CONTRIBUTION & EXPENSE

Per Person Ticket Price	Allocation as a Contribution	<u>Maximum</u>	<u>Minimum</u>
\$ 10	\$ 10	\$NIL	
20	20	NIL	
25	25	NIL	
40	40	15	
50	50	25	
75	75	50	
100	100	75	
250	250	225	
500	500	475	

Note 1. The portion of the ticket price not allocated as a contribution is allocated for expenses.

Note 2. However, these expenses do not count towards the campaign spending limit of the sponsoring organization.

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